

## **STATEMENT OF PURPOSE**

### **RS23902**

Idaho's public charter schools struggle to build, buy or improve their facilities. Voter approved bonds, state credit enhancements and state guaranty programs for traditional public schools are not available to public charter schools. The State provides some funding, but much of that money is spent on higher than necessary interest rates on loans. In an effort to lower interest rates and ensure more of the State's money stays in the schools and with our kids, this bill would create the public charter school debt reserve.

The public charter school debt reserve establishes a fund in the state treasury. Qualifying public charter schools that demonstrate good financial management, with oversight by the Idaho housing and finance association, could use the fund as a backstop to assure private lenders that, should the school default on a payment, a portion of the missed payment could be withdrawn from the fund. This assurance will induce lenders to offer lower-interest rates on loans, resulting in significant savings of public dollars to the school over the life of the loan.

### **FISCAL NOTE**

This bill is accompanied by a request for appropriation. If no money is appropriated, this bill has no fiscal impact. If money is appropriated, the fiscal impact is the amount appropriated.

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